

The complaint

Mr and Mrs W complain that Lloyds Bank PLC ('Lloyds') won't reimburse the funds they lost when they say they fell victim to a scam.

What happened

Mr and Mrs W hold a joint account with Lloyds. I understand that Mrs W was looking for a new car and found an advert on a marketplace for a car she thought was being sold by a garage. She communicated with the seller about the condition and price of the vehicle and ultimately agreed to pay £300 upfront for delivery. This payment was made on 29 July 2024.

When the car was delivered Mr W test drove it before paying £3,200 for it. Mrs W then drove the car a short distance before it made a noise and came to a stop. A passer-by who worked at a garage told Mrs W that the car was dangerous and shouldn't be driven. She contacted the seller who initially responded and said how disappointed he was, but later blocked contact with her. Ultimately Mr and Mrs W had to scrap the car.

Mrs W contacted Lloyds to raise a scam claim. Lloyds said they have a civil dispute with the seller but paid £40 in respect of the service it provided.

Mr and Mrs W were unhappy with Lloyds' response and brought a complaint to this service.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She said that Mr and Mrs W have a civil dispute with the seller of the car which Lloyds isn't liable for. The investigator recognised that Mr and Mrs W hadn't been treated well, but noted that they received the car and documents and that the seller stayed in contact when they said they'd broken down.

Mr and Mrs W were unhappy with the investigator's findings and asked for a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

I'm very sorry to hear that Mr and Mrs W have paid a lot of money for a car that wasn't roadworthy. It seems that the seller wasn't completely honest with them. But I'm not deciding a dispute between Mr and Mrs W and the seller. I don't have any power to look into such a complaint. My role is limited to deciding the dispute between Mr and Mrs W and their bank. So, in spite of my natural sympathy, I need to focus on whether Lloyds met its obligations as Mr and Mrs W's bank.

In broad terms, the starting position in law is that Lloyds is expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's). But there are

circumstances when it might be fair and reasonable for a firm to reimburse a customer even when they have authorised a payment.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an authorised push payment (APP) scam, except in limited circumstances. But the CRM Code only applies if the definition of an APP scam, as set out in it, is met.

I have considered whether Mr and Mrs W's claim falls within the scope of the CRM Code, which defines an APP scam as:

...a transfer of funds executed across Faster Payments...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

To decide whether Mr and Mrs W are the victims of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payments and whether Mr and Mrs W thought this purpose was legitimate.
- The purpose the recipient (the seller of the car) had in mind at the time of the payments, and whether this broadly aligned with what Mr and Mrs W understood to have been the purpose of the payments.
- Whether there was a significant difference in these purposes, and if so, whether it could be said this was as a result of dishonest deception.

Here, Mr and Mrs W thought that the payments were for a car and its delivery, and a car was delivered to them. The car was test driven but was later found to have faults that weren't disclosed to Mr and Mrs W. Whilst the seller may have given false information to them, that doesn't make this an APP scam under the terms of the CRM Code, which specifically excludes private civil disputes - including dissatisfaction with the quality of goods provided. Ultimately, after making the payments, Mr and Mrs W received the same vehicle they had seen and test-driven.

Mr and Mrs W have mentioned the APP scam reimbursement rules and asked to be reimbursed under them. The rules only apply to payments made on or after 7 October 2024 though, so they aren't relevant to this complaint.

I am very sorry to disappoint Mr and Mrs W, but I can't fairly require Lloyds to reimburse them under the CRM Code or otherwise.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 27 October 2025.

Jay Hadfield
Ombudsman